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A STUDY ON THE EXPEDITION OF INDIAN STARTUP ECOSYSTEM WITH SPECIAL FOCUS ON EDTECH

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ABSTRACT

The increasingly impulsive market, led to the emergence of new opportunities and threats for organizations, forcing the adaption of capabilities to promptly bring ideas to the market in the changing environment. In today's world of modernisation and digitalisation, the inception of technology in every field or sector is becoming crucial. Education with technology as its substratum has reshaped teaching-learning process thereby improving the level of communication and collaboration. The COVID-19 pandemic induced hastening of online learning and bring forth several Education Technology (EdTech) start-ups in India and across the globe. EdTech companies promise cost-saving, flexible and a personal learning experience, scalable to reach the unreached population of the country to improve the gross enrollment ratio (GER). It is a prerequisite for addressing the menace of digital divide created by the forced online shift. The unanticipated expansion of EdTech companies in India also exploited learners' skilling and up-skilling or learning new skills. India, being the most preferred country for Edtech funding by foreign investors the Government of India has been giving due emphasis to Education technology (ET) in the successive national education policies through its various regulatory agencies, fueling growth for Edtech companies in India.

The paper aims to map the journey of Indian startup ecosystems with the prime focus over present scenario of EdTech start-ups. It encapsulates the government initiatives to buttress the edtech startups. The report also tries to validate contributions of such startups towards bridging the employability skills gap in the Indian economy.

[**Key Words**: Startup Ecosystem, Edtech, Covid-19, Indian Startups]

INTRODUCTION

Industries in India have undergone metamorphosis in the past few years which can also be seen across businesses, particularly the budding ones. It is rational to think of the history of organizations in evolutionary terms (Simon, 1993) which comprises of experiences and evidence succouring the evolution of organizations; however, the existing ones shows a dearth in the startup phase (Salamzadeh, 2015a). A nascent company focusing on unique product or service developed by one or more entrepreneurs is termed as a startup. The typically a startup is characterised as a scanty operation, with initial funding from the founders. India is groomed to be a part of Industrial Revolution 4.0, with more than 39,000 active tech startups welcoming technologies including blockchain, artificial intelligence, etc consequently enabling a revolution in all major industries inclusive of education.

In India the maximum disruption during the pandemic is witnessed by the Education industry. The regulations imposed by the Government and the unbending safety protocols have paved the way to new-age pedagogies. The unprecedented boom in the EdTech industry or "education technology" is a productive impact of such disruptions that led to digital mode of learning. We've seen burgeoning in the number of edtech startups in the last two to three years, with thousands of beginners occupying the market and over 3,000 active edtech companies.

STATEMENT OF PROBLEM

The study was designed to investigate the mushrooming of Edtech startups especially in the post covid era, by understanding their contribution in the Indian economy towards bridging employability skill gaps and identifying the current trends among Indian Edtech startups.

OBJECTIVES

1. To understand the journey of Indian Startup ecosystem.
2. To analyse the sustainability of edtech startups in post covid era.
3. To understand the funding pattern of edtech startup ecosystem.
4. To study the contributions of edtech startups in bridging the employability skill gap in Indian economy.

RESEARCH METHODOLOGY

The paper is purely based on secondary data sources. Charts and tables were prepared from the insights derived from the data accessible from the secondary sources.

LITERATURE REVIEW

According to a report by NASSCOM (2016) In India, the start-up is a property-based on technology product or service that meets consumers' requirements through a digital platform.

OECD report (2016) revealed that start-ups are very high-growth organizations that have an average annual growth in employees or have a 20% more turnover during the last three years.

Venkatanarayana (2016) did research about the sustainability development of startups in India found how it benefits the Indian economy by increasing employment and other benefits for the startup ecosystem provided by the Indian government.

Sharma and Gupta (2017) observed the role of knowledge management in the creation, maturity, growth, and sustenance of startups in the Indian economy. The researcher of the paper also explained on the importance of environmental knowledge that helps the startup to survive in long run.

Malgani and Burch (2018) researched how education technology in India plays for Ed-tech startups. They did secondary research in detail to see how was the learning cycle and how did it change the academic life of a student and teachers, especially in government schools.

Korreck (2019) a senior research person did research focusing on the digital economy and development in the startup ecosystem mainly in South Asia and Europe, analyzing the current state of the Indian ecosystem with three goals, to provide an understanding of the growth of Indian startup owners, challenges faced by these new startups and outline the pillars in place to support them.

Singh (2020) had captured how technology plays a vital role in our education system, likewise, the transformation of technology in educating the students had a predominant change to engage the students in an identical way of thinking and teachers are working on how to teach the students with emerging technology in place. Even public schools have covered the typical classroom to a smart classroom with help of technology.

JOURNEY OF STARTUP ECOSYSTEM IN INDIA

The dynamic sphere of India's startup ecosystem reinforced the Indian economy in its varied phases of evolution. However, the startup ecosystem has recently accumulated considerable recognition, particularly because of its strong angel investor network. The Indian startup ecosystem rooted with software-service startups serving Indian software needs to take over the service industry, and later expanding to exporting software services while leveraging the country's youth. The trajectory began in 1968 with the establishment of Tata Consultancy Services (TCS). They acted as a catalyst in establishing India as the global destination for cost-effective tech services by enticing global clients. Further, in 1990, the Indian Economic Policy accompanied by Liberalization, Privatization, and Globalization model made it domain for robust economic activity. India successfully propelled the pace of evolution for about 3 decades, and the last decade has seen massive developments in the startup landscape. With the dynamic movement in industries ranging

from fintech, e-commerce, and software to supply chain and logistics, the diversity of Indian startup ecosystem staggered the global economies.

The Indian Startup Ecosystem has become a potency to reckon with- having minted more than 80 unicorns as of April, 2022. India ranked as the third largest startup ecosystem globally, with over 60,000 startups across its 642 districts. The internet penetration and pandemic induced digital acceleration caused the startup landscape to experience a receiving end of dynamic changes facilitated by the proactive participation from global venture capitalists and private equity firms. With a plethora of progressions, domestic startups having raised over $12 billion during the first three months of 2022, the trajectory for India's entrepreneurial journey has been set ablaze.

RISE OF INDIAN EDTECH STARTUPS

India has seen an immense 14% increase in the addressable base for internet services in a year as depicted by over 665 Mn wireless internet subscribers (Q3 2019). This rate of adoption has given rise to personalisation and convenience when it comes to the school curriculum and off-classroom learning. The growing acceptance of online learning has provided a major impel to the edtech market. As per the to a report of EBEF, India's edtech industry shows a tremendous growth which was valued at US$ 750 million in 2020 which is expected to reach $ 10.4 billion by 2025.

The private sector is playing a critical role with the public sector acting as a facilitator. The private placement accounting to about $4 billion, contributed in the emergence of global edtech leaders like Byju's to be valued at $15 billion, over the past five years. Driven by the zealous demand and emerging business models the edtech industry is expected to become a $30 billion industry in the next 10 years.

India's education sector flourished in edtech funding during the pandemic. There exists over 4,450 Indian edtech startups that supports over 300 million school students. This brought edtech to the fore, which uses IT tools for inclusive, engaging and personalized learning. India's edtech industry could gradually bridge the education-quality gap among Indians.

FUNDING PATTERN OF EDTECH STARTUPS IN INDIA

Although startups have been able to deliver the right content to the right audience and register aggressive growth, there is still a long way to go to gain both acceptance and prominence. According to DataLabs by Inc42, since 2014, funding of around $1.73 Bn have been raised by 186 unique edtech startups. From $247 Mn in 2017, the prospects in India's online education market is upped to $2 Bn in 2022. The estimated worth of comprehensive domestic opportunity is expected to reach $30 billion by 2030, even as many of the Indian unicorns pursue an impression beyond the country. The decision to grant hundred percent FDI permission might also contribute to this course. Education being the primary expense in India, education sector in the country has wide range of opportunities for the emergence of more unicorns.

In terms of fund raising, Edtech companies made the grade to outpace all records in 2020 and 2021, with Byju's, Unacademy, Vedantu, upGrad, Eruditus, Classplus, BrightChamps, Cuemath, LEAP, and Teachmint securing the top positions. Startups managed to mop up back-to-back rounds across different stages ranging from pre-product to final stage without any difficulty. While a lion's share of them continued to publicize new rounds in early 2022. Few players such as Unacademy, Vedantu, Teachmint, and BrightChamps are the examples those who have not raised any new round this year so far.

While delving into the data further, it was observed that Byju's is yet to close its $800 million round that was announced five months ago. Where Eruditus' $350 million round was all debt, recently forged unicorn PhysicsWallah raised $100 million in its initial external funding. UpGrad, Leap, Scaler and two B2B focused startups namely Classplus and LEAD occupied their places in the top 10 funded list of edtech companies.

According to the data provided by Fintrackr, around 17 edtech startups including Byju's, upGrad, Teachmint, Classplus, LEAP, Quizizz, Eupheus Learning, and Leverage Edu ladled up two or more than two rounds in 2021. However, the number of edtech startups marked up two or more rounds abated to zero in 2022. Large funding rounds in edtech continued to ensue in early 2022 as five companies raised $100 million or more in a single round.

IS EDTECH STARTUPS BRIDGING EMPLOYABILITY SKILL GAPS?

India is well equipped with the demographic outlay of world's youngest population with a median age of 28.4 years put forward promises abundant opportunities and growth for the economy as a whole. Despite of the literacy rate of 70 percent, the Indian unemployment rate jumped from 6 percent 2017 to 8.3 percent in 2022. According to the India Skills Report, an average of just 35-40% of management and engineering graduates are found to be employable. It is the shift in focus of the modern job market from degree focused to skill-focused that led the supply-demand discrepancy to creep into the market. Although the government recently guaranteed to introduce 6 Mn jobs over the next five years, at least 90 Mn jobs still required by 2030 to accommodate the growing employment-searching Indian population.

Employability and Skilling became another focus area for entrepreneurs with the boom in EdTech sector. There are a lot of successful initiatives, ingrained and forthcoming startups serving to this massive national urge. Edtech startups that offer skill-building courses address the crucial issue of making youth more employable. This is one upmanship that no other industry can dictate. Excess demand for such services endorsed by paucity of available alternatives contributes towards framing brighter the future for startups. However, there have been a few setbacks in the edtech sector, as some of the industry's majors have either gone for an extensive layoff or have decided to halt their operations completely. At the same time, one of the comforting prospects in a rather appalling condition is the skill-transfer startups in the edtech industry. IT, coding, manufacturing, auto and communications skills courses are in exigency, inciting the growth of edtech firms in the skilling, upskilling, and reskilling sector.

It is enriched with the vision to support the innovations that will help bridge the gaps, enhance employability, and produce job-ready candidates who can compete with the global workforce. This is to fight the most critical blockade that impacted the Indian job market post COVID.

The scaling-up need for skill-based education has made the sector popular over the past decade. EdTech made it possible to take up the title of 3rd most funded Indian segment with an outlay of $4.7 bn in 2021. The Indian startup ecosystem aims to support the innovations that will help bridge the gaps, enhance employability, and produce job-ready candidates to compete with the global workforce. India's growing prowess in the tech space gives hope for the fight the most critical roadblock that has hit the Indian job market post COVID.

FINDINGS

- According to a report by Nasscom, India's tech startup ecosystem sees 13,000 new additions in 2022.
- As per the Economic Survey 2021–22, India's tech startup ecosystem, the third-largest in the world after the US and China, created 1,400 unique, funded tech startups.
- EdTech industry could contribute towards the establishment of a national skill development program that can bridge the skill set gap between available and existing workers.
- As depicted in a 2022 report, the Indian startup ecosystem manifested an exponential growth. The financial year of 2021 proved to be conclusive in the venture capital landscape as we witnessed a 3.8x growth in investment since 2020.

- The education sector is also forecasted to spend more than $6 Bn annually on augmented and virtual reality technologies by 2023.
- Even though we observed a slackening in fund raising during the year 2022, the ecosystem is ready to assist itself as they're expected to bestow about 4-5% to India's GDP over the next three to five years.

CONCLUSION

Attributed by a tremendous skill set with respect to every industry India is a land of opportunities. Being the third-largest startup ecosystem in the world, Indian startup ecosystem is currently at an inflexion point. It reveals a steady rise in the emergence of unicorns in 2019 with nine new companies entering the coveted $1 billion valuation club. In the course of our 75th year of independence, India legitimately asserts its place in the global economy with edtech as the epitome of a sector that takes Indian pedagogy to the world.

The traditional education system may not change immediately. However, the way knowledge is consumed is certainly experiencing a transition. If the momentum of innovation and funding persists, we may actually get to behold a changeover in the education sector in our country. Reckoning the edtech subsectors, favourable market conditions combined with the growing demand makes the skill development sub-sector a lucrative opportunity for high-value returns for Indian startup investors.

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